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Questions and Answers ABOUT FARM EXPORTS AND FARM IMPORTS

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American Farmers Ask for Facts on Farm Exports and Farm Imports

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Farmers in the United States want to know what are their interests in foreign trade. They want to know facts about the extent of exports of farm products from this country and imports of farm products into this country. They want to know how farm income is affected by exports and imports.

This brief and simple list of questions and answers about foreign trade is designed to give in a factual way the information they want.

QUESTIONS AND ANSWERS ABOUT FARM EXPORTS AND FARM IMPORTS

WHAT ARE THE FACTS ABOUT FOREIGN TRADE IN FARM PRODUCTS SINCE 1923?

TABLE 1.—*United States agricultural imports, exports, gross farm income, and indexes of farm prices and of agricultural production, by years, 1923–38*

Year ended June 30	Imports	Exports	Gross farm income [1]	Farm price index (1909–14=100)	Export volume index (1909–14=100)	Agricultural production index [2] (1924–29=100)
	Million dollars	*Million dollars*	*Million dollars*			
1923	2,077	1,798	11,041	138	112	95
1924	1,875	1,867	11,483	142	104	98
1925	2,057	2,280	12,243	149	126	95
1926	2,529	1,892	11,791	154	106	100
1927	2,281	1,908	11,753	136	136	101
1928	2,194	1,815	12,016	147	112	102
1929	2,178	1,847	12,049	146	117	104
1930	1,900	1,496	9,847	143	97	101
1931	1,162	1,038	7,042	104	90	105
1932	834	752	5,284	73	98	100
1933	614	590	6,142	62	85	99
1934	839	787	7,392	81	83	98
1935	934	669	8,400	103	54	90
1936	1,141	766	9,317	107	62	98
1937	1,537	732	10,003	125	56	106
1938 [3]	1,155	891	8,750	105	79	------------

[1] Calendar year, except 1923. Income for years 1933–38, inclusive, includes Government benefit payments.
[2] Calendar year.
[3] Preliminary.

Question 1.—What has been the annual value of agricultural imports into the United States during the past 16 years?

The value of United States imports of all agricultural products, except forest products and distilled liquors, since the year ended June 30, 1923, has ranged from $614,000,000 in 1932–33 to $2,529,000,000 in 1925–26. The average for the 16-year period has been $1,582,000,000 a year.

Question 2.—Were all these imports commodities that competed with the products of American farms?

No. More than half of the value of agricultural imports is regularly in noncompetitive products such as coffee, tea, cocoa, raw silk, rubber, bananas, spices, and similar commodities which are not produced commercially in the United States and which are not substituted to a significant extent for commodities which are commercially produced in the United States.

Question 3.—How has the value of such imports since 1929 compared with that for the 5-year period 1925–29?

The average annual value of all farm imports including noncompetitive into the United States for domestic consumption during the

5 years July 1924–June 1929 was $2,248,000,000. Since 1928–29 the annual average has been $1,124,000,000. For the period 1932–33 to 1937–38, which included the drought years 1934 and 1936, the average was only $1,037,000,000.

Question 4.—How has the trend in imports of farm products changed since June 1937?

From July 1, 1937, through June 1938, the value of agricultural imports into the United States decreased 382 million dollars, or 25 percent, as compared with the value in the same 12 months in the preceding fiscal year. The bulk of the decrease was in imports of the principal farm products that compete, directly or indirectly, with United States farm products. Value of these imports decreased from 867 million dollars in the first period, to 588 million dollars in the second period. This was a drop of 279 million dollars or 32 percent. Imports of noncompetitive products were valued at 670 million dollars in the first period, and 567 million in the second.

Question 5.—Why have imports of farm products into the United States dropped off recently?

The principal reason is that agricultural production here has been so large and prices so low that many products can no longer be imported profitably. Total agricultural production in the United States was larger in 1937 than in any other year covered by Government records. Total production of crops and livestock was 13⅔ percent greater in 1937 than in 1936. The increase was due to larger-than-average crops, which yielded a harvest 41 percent larger than the harvest of 1936. The production of livestock and livestock products, although not yet recovered from the effects of the droughts of 1934 and 1936, was only about 4 percent under the 1936 level.

The large 1937 harvest in this country did two things: (1) It furnished ample supplies for the United States market and (2) it brought farm prices down to a level which made it unprofitable for foreign producers to sell on the United States market.

Another reason for smaller imports was the drop in income and buying power among industrial workers in the United States. When industrial workers in this country have money to buy with, they buy the products of foreign countries as well as those of the United States. When people in the United States have less money, the United States markets for foreign products diminish.

For example, the United States normally imports wool, but imports of dutiable wool into the United States in the period July 1937–June 1938 amounted to less than one-fourth those in the previous year. The decrease was due not to increased American production but to decreased wool consumption in this country.

Question 6.—What has been the trend in exports of farm products from the United States in the past 16 years?

Value of United States exports of farm products has ranged from $590,000,000 in 1932–33 to $2,280,000,000 in 1924–25. The average for the 16-year period was $1,320,000,000. During the period 1924–25 to 1928–29 the annual average was $1,948,000,000 or nearly 48 percent above the 16-year average. Since 1929 the annual average has been $858,000,000 or 35 percent below the 16-year average. From 1932–33 through 1936–37, when farm prices and farm income showed an increase, agricultural exports, like agricultural imports, remained at a low level. The annual average value of farm exports for this period was $709,000,000 or 44 percent less than the average for the 16 years.

An index of the volume of exports of farm goods from the United States (using the period 1909–10 to 1913–14 as a base period) averaged 95 percent of the pre-war period, during the 16 years 1922–23 to 1937–38. It ranged from 36 percent above the pre-war level in 1926–27, to 46 percent below it in 1934–35. From 1925 through 1929, when large foreign purchases of American farm products were financed by loans of American money, the average was 19 percent above the pre-war level.

Since 1929, when these loans were discontinued, the average has been only 78 percent of the pre-war volume, and since 1932–33 only 70 percent.

Question 7.—What has been the recent trend in United States farm exports?

Exports of United States farm products in the fiscal year 1937–38 increased 22 percent in value over those of the preceding year. They were valued at 891 million dollars as compared with 732 million dollars in the preceding period. This was an increase of 159 million dollars.

TABLE 2.—*United States exports and imports of specified agricultural products, 1936–37 and 1937–38*

Commodity	Year ended June 30—					
	1936–37			1937–38		
	Exports	Imports	Net exports (+) or net imports (−)	Exports	Imports	Net exports (+) or net imports (−)
Grains:	*Thousand*	*Thousand*	*Thousand*	*Thousand*	*Thousand*	*Thousand*
Barley, grain.................bushel..	5,153	17,151	−11,998	17,614	1,290	+16,324
Corn, grain.................do....	246	77,974	−77,728	103,269	34,440	+68,829
Corn, grain [1].................do....	124	86,716	−86,592	118,875	1,791	+117,084
Rice (in terms of cleaned)....pound..	51,845	181,810	−129,965	310,132	106,341	+203,791
Rye, grain.................bushel..	248	3,492	−3,244	6,578	(2)	+6,578
Wheat:						
Grain.................do....	3,168	[3] 34,262	−31,094	83,747	[3] 602	+83,145
Flour.................barrel..	[4] 1,297	41	+1,256	[4] 3,492	[5] 7	+3,485
Wheat, including flour.......bushel..	9,267	34,455	−25,188	100,160	634	+99,526
Meats:						
Pork.................pound..	65,024	62,173	+2,851	79,742	64,874	+14,868
Lard.................do....	[6] 103,711	243	+103,468	[6] 190,100	7	+190,093
Total pork and lard..........do....	168,735	62,416	+106,319	269,842	64,881	+204,961
Beef and veal.................do....	14,903	85,451	−70,548	12,077	89,758	−77,681
Tobacco, unmanufactured.........do....	416,884	70,308	+346,576	459,544	68,050	+391,494
Cotton, excluding linters [7].........bales..	5,560	245	+5,315	5,771	140	+5,631
Wool, unmanufactured...........pound..	13	[8] 181,413	−181,400	1,104	[8] 42,554	−41,450

1 October–July.
2 Less than 500.
3 Excludes wheat for milling in bond and export.
4 Wheat flour wholly of United States wheat.
5 Excludes flour imported in bond for export.
6 Includes a small amount of neutral lard.
7 August–June. Exports are bales of 500 pounds gross; imports are bales of 478 pounds net.
8 Excludes free in bond for manufacture.

Bureau of Agricultural Economics. Compiled from official records of the Bureau of Foreign and Domestic Commerce.

Question 8.—Why have United States farm exports decreased since 1930?

American agricultural exports have decreased since 1930 for several reasons:

(1) Foreign countries have sought to become agriculturally self-sufficient, because of their fears of war, and therefore have erected trade barriers against the importation of American farm products. These barriers have taken the form of tariffs, embargoes, exchange control, and other measures.

(2) American tariff policies as set forth in the Smoot-Hawley Tariff Act of 1930 have made it difficult for foreign countries to sell their products in this country and thus obtain money or credit with which to buy American goods, either agricultural or industrial. The United States is a creditor, no longer a debtor nation, and foreign countries can pay their debts to this country only in the form of goods and services. In other words, foreign countries can buy American products only by (1) sending their own products to this country, selling them, and using the dollars received to buy American goods; (2) by sending gold to the United States, which already has more than one-half of all the gold in the world.

(3) In the worst 2 drought years in the history of the United States, 1934 and 1936, farm production in this country was so drastically reduced that there was less surplus of farm goods available for export even if foreign countries had been willing and able to buy such products from the United States.

Question 9.—What have been the changes in the United States foreign trade in wheat in the 12 months from July 1, 1937, through June 30, 1938, as compared with the same period the previous year?

Wheat, including flour, changed from a net import of 25 million bushels into the United States in the earlier period to a net export of more than 99 million bushels in the later period. These figures exclude wheat imported for milling, and flour, in bond and export. Imports of wheat dropped by nearly 98 percent in volume, while exports rose to more than 10 times what they had been. Wheat imports in this 12-month period amounted to less than 1 percent of United States wheat exports.

TABLE 3.—*Wheat acreage, production, value, imports, and exports, 1930–37*

[Year beginning July 1]

	1930	1931	1932	1933	1934	1935	1936	1937
Acreage:								
Sown ... 1,000 acres	67, 150	65, 998	65, 913	68, 485	63, 562	69, 207	73, 724	81, 362
Harvested ... do	62, 614	57, 681	57, 839	49, 438	43, 400	51, 229	48, 863	64, 460
Production ... 1,000 bushels	886, 470	941, 674	756, 927	551, 683	526, 393	626, 344	626, 766	873, 993
Average farm price ... cents per bushel	67. 1	39. 0	38. 2	74. 4	84. 8	83. 2	102. 6	[1] 96. 3
Gross income [2] ... 1,000 dollars	433, 073	261, 607	203, 117	386, 673	413, 924	482, 796	517, 271	692, 494
Imports, wheat, including flour: [3]								
Year beginning July 1 ... 1,000 bushels	354	7	10	153	14, 069	34, 617	34, 455	634
Percentage of production ... percent	0. 040	0. 001	0. 001	0. 028	2. 673	5. 527	5. 497	0. 073
Exports, wheat, including flour: [4]								
Year beginning July 1 ... 1,000 bushels	112, 428	122, 897	31, 866	25, 598	10, 531	4, 207	9, 267	100, 160
Percentage of production ... percent	12. 68	13. 05	4. 21	4. 64	2. 00	0. 67	1. 48	11. 46

[1] Preliminary.
[2] Includes Government benefit payments. Income for 1936 and 1937 is for calendar year.
[3] Excludes wheat for milling, and flour, in bond and export.
[4] Includes flour milled from domestic wheat only.

Table 3 shows the effects of the droughts of 1933, 1934, and 1936, and the rust damage of 1935. The effect on production is apparent when the acreages of wheat sown and the acreages harvested are compared. Imports are seen to increase following the reductions of United States harvests by drought. Furthermore, although imports were largest in 1935–36 and 1936–37, even in those years they constituted only 5.5 percent of the corresponding year's United States production.

Exports of wheat began to decline in 1927 when there was large production in this country available for export. Increased production and trade barriers in foreign countries largely accounted for the reduction in exports from 1927 to 1932. Exports from 1933 through 1937 were held down by trade barriers, by drought shortages in this country, and by the fact that United States farm price of wheat was considerably above the world price. The 1937 harvest of approximately 874 million bushels resulted in a surplus for export from the United States, and shortages in other exporting countries made exports possible.

Question 10.—What have been the developments in United States foreign trade in corn since the harvest of the 1937 crop?

Since October 1, 1937, when the 1937 corn crop began to move to market, to July 31, 1938, the latest date for which figures are available, the United States exported almost 119 million bushels of corn and imported less than 2 million. It is interesting to note that of the exports more than 113 million bushels were exported in the first 7 months of this year, whereas only 282,000 bushels of the imports shown came into the country during the same period.

United States exports of corn during the first 7 months of 1938 were greater than in any full year since 1922, and they were over 400 times the amount imported.

Table 4 gives figures on corn acreage, production, value, and exports and imports, since 1929.

TABLE 4.—*Corn acreage, production, value, exports, and imports, 1930–37*

	1930	1931	1932	1933	1934	1935	1936	1937
Acreage:								
Planted......1,000 acres..	101, 813	108, 469	112, 061	108, 527	99, 806	98, 372	100, 599	96, 483
Harvested..........do....	101, 465	106, 912	110, 577	105, 963	92, 354	95, 804	93, 020	93, 810
Production...1,000 bushels..	2, 080, 421	2, 575, 611	2, 931, 281	2, 399, 632	1, 461, 123	2, 303, 747	1, 507, 089	2, 644, 995
Average farm price cents per bushel..	59. 6	32. 0	31. 9	52. 2	81. 5	65. 5	104. 5	[1] 52. 2
Gross income [2].1,000 dollars..	204, 332	138, 062	171, 404	215, 252	252, 852	349, 830	279, 582	258, 080
Imports:								
Year beginning Oct. 1 1,000 bushels..	1, 386	377	173	882	36, 952	21, 089	103, 643	[3] 1, 791
Percentage of production percent..	0. 07	0. 0146	0. 0059	0. 04	2. 53	0. 92	6. 88	....
Exports:								
Year beginning Oct. 1 1,000 bushels..	2, 380	3, 848	8, 291	4, 266	701	511	136	[3] 118, 875
Percentage of production percent..	0. 11	0. 15	0. 28	0. 18	0. 05	0. 02	0. 01	......

[1] October 1937–July 1938.
[2] Includes Government benefit payments, except in 1936 and 1937.
[3] October 1937–July 1938.

Imports of corn come largely from Argentina and are consumed almost altogether in areas on the Pacific and Southeastern Atlantic coasts, where little corn is grown. Corn can be shipped by boat from South America, meet the tariff of 25 cents a bushel, and sometimes still be cheaper in those deficit areas than corn shipped by rail from the Corn Belt of the United States. A very limited amount of Argentine corn, which is of a hard flinty type, is used in certain commercial processing of corn products.

Question 11.—What has been the situation of rye, barley, and rice in international trade in the 12 months July 1937–June 1938, as compared with the same period a year earlier?

Rye, barley, and rice were on a net import basis during the earlier 12-month period. All three have been on an even heavier export basis in the later period.

Question 12.—What have been the changes in the United States foreign trade in pork and pork products in the fiscal year 1937–38 as compared with the preceding fiscal year?

Pork and lard imports increased 4 percent in weight in the fiscal year 1937–38, largely because of continued demand for such luxury products as canned Polish ham. At the same time, however, United States exports of pork and lard rose 60 percent in weight. Such exports from July 1, 1936, through June 30, 1937, totaled 169 million pounds; in the following 12 months they amounted to more than 270 million pounds. In the year 1936–37 the United States pork and lard exports were less than three times the imports in weight; in the following year more than four times.

For further data on foreign trade in pork products see table 5.

TABLE 5.—*Production, exports, and imports of pork and lard, 1923–38*

Year beginning July 1	Production [1]	Exports [2]	Imports [2]	Percentage imports are of United States production
	Thousands of pounds	*Thousands of pounds*	*Thousands of pounds*	*Percent*
1923	8,000,100	1,934,223	1,712	------------
1924	7,428,520	1,400,149	10,029	0.1
1925	6,683,701	1,172,685	8,390	.1
1926	7,017,808	1,012,667	21,004	.3
1927	7,756,500	1,046,306	15,067	.2
1928	7,536,509	1,112,395	11,820	.2
1929	7,547,538	1,138,588	6,188	.1
1930	7,208,880	791,354	3,838	.1
1931	7,277,113	679,748	5,264	.1
1932	7,389,317	686,462	4,487	.1
1933	7,234,629	705,982	1,897	------------
1934	5,264,237	355,072	4,010	------------
1935	4,666,656	159,103	25,398	.5
1936	5,779,656	168,735	62,417	1.1
1937 [3]	5,630,273	269,842	64,881	1.1

[1] Federally inspected slaughter only.
[2] Includes fresh, canned, and pickled pork, bacon, hams, and shoulders; Wiltshire and Cumberland sides; lard and neutral lard; lard oil.
[3] Preliminary.

Question 13.—What has been the trend in the United States foreign trade in beef and veal?

Beef and veal imports have continued to increase while exports have continued to decrease. These movements show the effect of the droughts of 1934 and 1936 which checked the production of cattle. Cattle production recovers from such a check more slowly than do most other farm enterprises. Beef and veal imports increased 5 percent in weight in the 1937–38 period as compared with the 1936–37 period, while exports decreased 19 percent.

Question 14.—What have been the developments in the cotton trade?

Cotton exports showed a gain of 4 percent in number of bales in the August 1, 1937–June 30, 1938, period as compared with the 1936–37 period. Because of lower cotton prices the value of exports did not increase proportionately. In the earlier period 245,000 bales of cotton were imported into the United States, and in the later period 140,000 bales. These imports represented 4.4 percent of exports in the 1936–37 period and less than 2.5 percent in the 1937–38 period. Cotton imports into the United States in 1928, highest in the 16-year period, totaled 479,000 bales. This cotton, imported principally from Egypt and India, is of a special type used for special industrial purposes, and is not produced in the United States. For further data on cotton production and trade see table 6.

Table 6.—*United States cotton production and exports and imports, 1923–36 and August 1936–June 1937 and August 1937–June 1938*

Year beginning Aug. 1	Production	Exports [1]	Imports [2]	Percentage imports are of production
	1,000 bales	*1,000 bales*	*1,000 bales*	*Percent*
1923	10, 140	5, 815	306	3. 0
1924	13, 630	8, 240	328	2. 4
1925	16, 105	8, 267	340	2. 1
1926	17, 978	11, 299	419	2. 7
1927	12, 956	7, 857	354	2. 3
1928	14, 477	8, 419	479	3. 3
1929	14, 825	7, 035	396	2. 7
1930	13, 932	7, 133	112	. 8
1931	17, 097	9, 193	138	. 8
1932	13, 003	8, 895	136	1. 0
1933	13, 047	7, 964	155	1. 0
1934	9, 636	5, 037	112	1. 2
1935	10, 638	6, 267	162	1. 5
1936	12, 399	5, 689	265	2. 1
August 1936–June 1937		5, 560	245	
August 1937–June 1938		5, 771	140	

[1] Excluding linters; bales of 500 pounds gross.
[2] Excluding linters; bales of 478 pounds net.

Question 15.—What have been the changes in United States international trade in tobacco?

Tobacco exports from the United States in the 12 months in 1937–38 totaled 460 million pounds, a gain of more than 10 percent over the corresponding previous period. However, because European stocks of American-grown tobacco have increased substantially it is not likely that tobacco exports will show any further increase during the current fiscal year. Imports of tobacco decreased from 70 million to 68 million pounds, a decrease of more than 3 percent. Imports were 17 percent of exports in the earlier period and less than 15 percent in the later. These imports consist almost entirely of those kinds of tobacco that are complementary to, rather than competitive with, American types.

Question 16.—What, in general, is the agricultural export-import situation of the United States in the period since the harvest of 1937 moved to market, as compared with the same period a year earlier when American agricultural production had been cut deeply by the drought of 1936?

In general, the foreign agricultural trade of the United States in the period July 1, 1937, through June 30, 1938, showed a complete reversal from the conditions in the same months in the preceding year. Imports generally showed sharp declines and exports showed extensive upturns.

So marked was this development that foreign countries were showing marked disquiet and were considering measures for checking what they regarded as the overwhelming flow of American farm products across their borders. Argentina contemplated putting quotas on American imports from the United States. Other countries contemplated similar steps.

TABLE 7.—*United States foreign trade with specified countries, year ended June 30, 1938*

Country	July–June 1937–38 (preliminary)	
	Total exports (domestic)	Total imports for consumption
	Thousand dollars	*Thousand dollars*
United Kingdom	574, 969	143, 284
Canada	491, 737	299, 588
Japan	247, 003	149, 580
France	155, 515	60, 923
Germany [1]	117, 777	74, 845
Argentina	103, 597	74, 058
Belgium	92, 674	50, 697
Mexico	86, 807	47, 598
Italy	65, 733	44, 626
Union of Soviet Socialist Republics	61, 763	23, 376

[1] Includes Austria, beginning May 6, 1938.

Bureau of Agricultural Economics. Compiled from official records of the Bureau of Foreign and Domestic Commerce.

The significance of the changes that have taken place, in their relation to the welfare of the farmers of the United States, is readily apparent. Imports of farm products into this country have dropped because United States farm prices have dropped and the United States market has become less attractive, and because American consumers lacked buying power. That fact disposes of the argument sometimes advanced, that American farmers are better off when farm imports are not coming into this country.

Increasing exports, sometimes hailed as the single and perfect solution of the American farmer's problems, have been accompanied by smaller returns, per unit, from the goods exported. Heavy exports at unduly low prices mean overloaded domestic markets. If prices received for farm goods are too low it means that these very exports are too costly to the farmer who produced them, in cash, labor, and outlay, and that they are costly to the Nation in exploited and squandered human effort and soil productivity.

WHAT HAVE BEEN THE RELATIONS BETWEEN IMPORTS, EXPORTS, FARM PRICES, AND FARM INCOME IN THE UNITED STATES SINCE 1923?

Question 17.—What has been the relation between importation of farm products, and United States average farm prices, since 1923?

Imports of farm products have followed the same general trend as farm prices for the past 16 years, for two reasons: (1) Relatively high prices for farm products in the United States attract foreign imports of these products and enable foreign producers to sell their goods in this country at a profit after paying production costs, transportation costs, and the United States tariff; (2) low farm prices in this country mean smaller incomes for American farmers and therefore less farmer buying power for either American or foreign products. As farmers cease to buy American industrial products, American industrial workers have less money with which to buy either domestic or imported agricultural products.

Since 1930 farm prices have averaged 21 percent below the level for the whole 16-year period 1923–38, and values of agricultural imports have averaged 35 percent less than the 16-year average. In other words, imports have dropped off more sharply in value since 1930, than have farm prices.

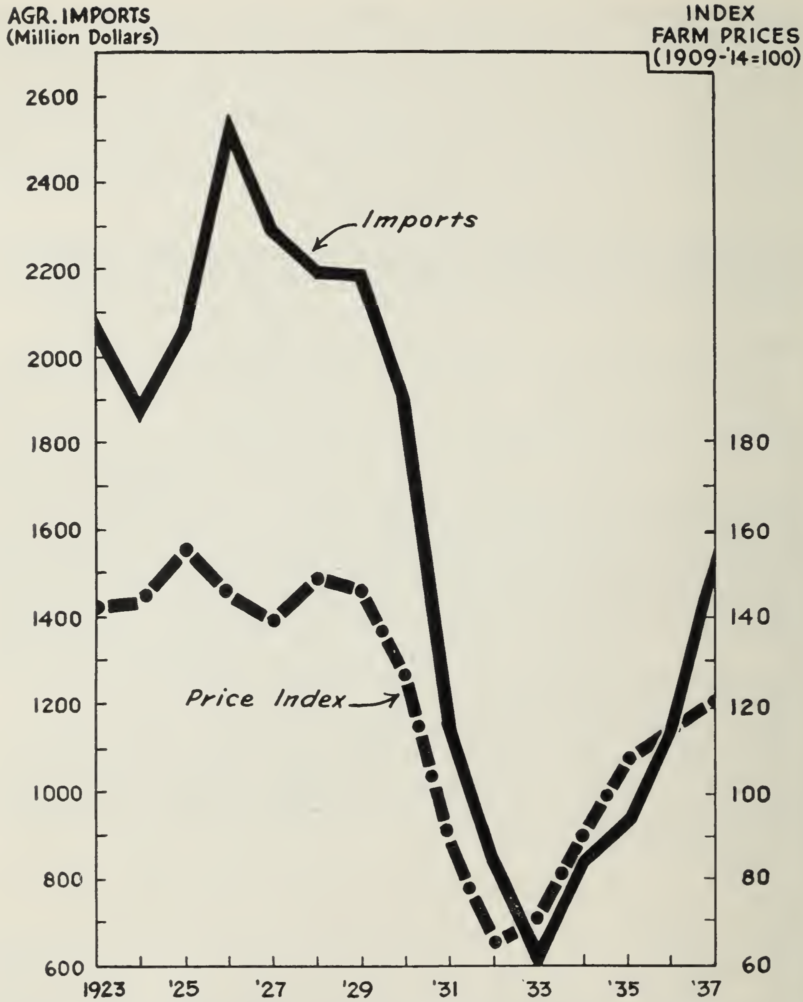

FIGURE 1.—Relation between value of agricultural imports into the United States, and United States average farm prices, 1923–37.

Question 18.—What has been the relation between imports of farm products, and gross farm income in the United States, since 1923?

Agricultural imports have followed the same trend as has gross farm income in the United States. Farm income is the basis of buying power for farmers. They use it directly in the purchase of some commodities which are imported, but they buy a great many more goods that are produced in this country. When farmers have incomes and buy from American industry, they provide jobs, income, and buying power for American industrial workers who, in turn, become customers for both American and foreign agricultural products.

Gross farm income in the United States during the 15 years from 1923 to 1937, inclusive, ranged from $12,243,000,000 in 1925, downward to $5,284,000,000 in 1932. The average for the 15-year period was $9,720,000,000. During the period 1925–29 when agricultural import values were 40 percent above the level of the 1923–37 period, gross farm income averaged $11,970,000,000 or 23 percent above the average for the whole period.

From 1930 through 1937, when values of agricultural imports were 30 percent below the average for the entire period 1923–37, gross farm income averaged $7,928,000,000 a year, or only about 18 percent less than the average of the 1923–37 period.

Question 19.—What has been the relation between the volume of United States farm exports, and average farm prices in the United States, since 1923?

From 1923 to 1931 they followed roughly the same trend—generally downward. Farm price levels, however, reached their highest point in 1925, while the peak in volume of exports of the 16-year period 1923–38 was reached in 1924–25.

In 1931 and 1932 farm prices dropped steeply, and volume of exports dropped. This reflected the production and marketing of excessive surpluses of United States farm products. Farm price levels commenced to rise in 1933 and, on the basis of annual averages, continued their rise through 1937. Export volume, on the other hand, because of droughts in this country and continuation of trade restrictive measures by foreign countries, decreased sharply in 1935, rallied very little in 1936, dropped again in 1937 and rose again in 1938.

Question 20.—What has been the relation between the value of United States farm exports, and the gross income of American farmers, since 1923?

Their trends have been very similar except that the changes in export values have been sharper than the changes in gross farm income.

Both moved generally upward from 1923 through 1929, and then declined to low points for income in 1932 and for value of exports in 1933. Since reaching its low point farm income increased steadily until this year, whereas value of exports has been more irregular in its changes and has shown less increase.

Question 21.—How much American farm produce has been displaced from the domestic market by agricultural imports?

American farmers have lost none of the domestic market for their crops nor have their prices been reduced because of the importation of agricultural products. As has been pointed out, imports enter this country only when market demand and prices are such as to enable foreign producers to sell their products to advantage after paying production and transportation costs, and the United States tariff.

In general, imports of commodities which are produced in this country or which compete with products of this country have come in at times when United States crops were short, and such imports have not been equal to more than a small percentage of the deficits in United States production, or an infinitesimal fraction of total United States production.

American farmers have suffered from low prices or have been unable to sell their whole crops only in periods when there were surpluses of domestic products or when the buying power of American consumers was unusually low. It has been shown that under these circumstances imports of foreign agricultural products diminish or cease entirely.

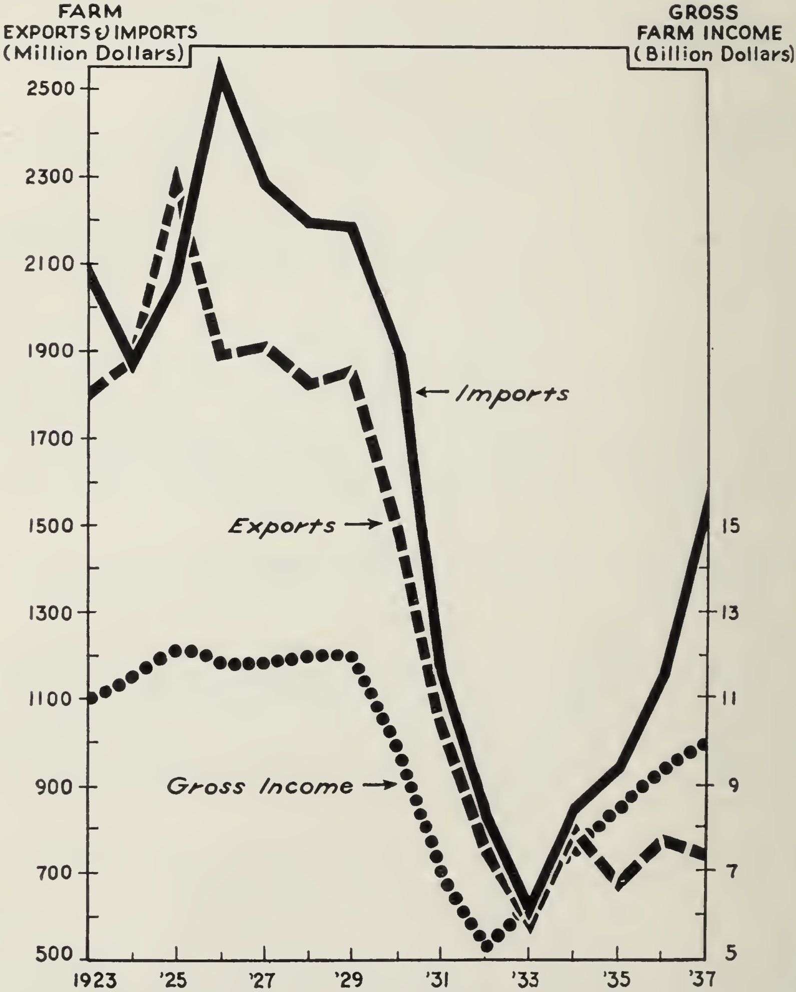

FIGURE 2.—Relation among value of farm exports, value of farm imports, and gross farm income in the United States, 1923–37.

Figures given above have shown that farm income in the United States follows the same trend as that of agricultural imports—that is, when markets are good enough to attract imports, American farmers are receiving their highest income.

Question 22.—What would be the effect on American farmers if all agricultural imports were stopped?

About one-half of the value of all agricultural imports into the United States is accounted for by commodities which are not and cannot be produced in this country—such as rubber, tea, coffee, cocoa beans, silk, bananas, spices, drugs, etc. Stopping these imports would upset the entire commercial and industrial system of the country and would not benefit American farmers.

It has already been shown that the trends of exports and of imports of agricultural products are parallel, that when imports rise, exports also rise. If only the so-called competitive imports were excluded, the effect would be to reduce, by the same amount or more, the export markets that American farmers now have, and to do so without improving the returns from the domestic market.

Foreign countries might be expected to adopt immediate retaliatory measures, and to heighten existing trade barriers against American farm goods. In addition, their inability to sell their products in this country would diminish their ability to buy American farm and industrial products. Export markets for all American products, both agricultural and industrial, would be reduced. American industrial workers would lose jobs, wages, and their ability to buy American farm goods.

In years of normal production the farm land of the United States is capable of producing more than the domestic market needs or will take at a price that will enable the farmer to stay in business. In cotton, for example, one-third to one-half of the crop ordinarily is exported.

If American export markets were closed or reduced because of the exclusion of agricultural imports, American farmers might expect the piling up of huge surpluses which would have a ruinous effect on prices in this country.

On the other hand, in years of extreme crop shortages in this country, such as those of 1934 and 1936, nonfarmer consumers and American farmers who are consumers of agricultural products, might go hungry or pay unduly high prices for farm goods.

Exclusion of agricultural imports could occur only under a strictly isolationist policy. Aside from the unfriendly international relations which would result from the adoption of such a policy, it would require an extreme degree of regimentation in American agriculture and industry, and a lowering of American living standards.

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